

A church says its tax-break status was revoked early last year for failing to submit a form it is not required to submit.

The church owns the building after purchasing the property from another church in 2011, according to land records.

In October 2021, the Church did not file the M-3 report. The city requires most non-taxable properties to be filed every four years to maintain their tax-exempt status. In January 2022, the church's tax-exempt status was revoked by the City Assessor's Office.

According to the City Tax Collector the church will be required to pay \$22,504 in taxes from July 2022 to June 2023.

The City Assessor said in December that the church's tax-exempt status was revoked not because it failed to submit the form, but because it stopped using the building for religious purposes.

The church disagrees, saying it has held services and meetings continuously.

On Tuesday, the city's finance committee, which includes all city councilors, voted unanimously to refer the matter to the mayor's office.

Last month, the city's legal director said the council could escalate the matter to the state Office of Policy and Management to resolve the issue, or the city could enter into a repayment agreement with the property owners.

Council President said on Wednesday that the decision rests with the mayor. She said the council could only agree to a repayment agreement.

The mayor said he also doesn't think he's able to waive the property tax. He said he will sit down with the Justice Director, the Assessor and the Church to see what can be done.

#### **Four non-profit organizations share the church**

The Church shares the building with three other religious units. The tax assessor said she did not receive a report from any of the churches in 2021. Another pastor said the church never received the application for the 2021 report and there was no need to fill out the form. He said religious organizations are not listed in the application as organizations that would need to resubmit this form after their original submission.

He said the 2022 Assessors Handbook states, "Because there is no legal requirement for a religious organization to file a tax exemption statement, no exemption can be denied on the basis of a religious organization's failure to file."

The handbook goes on to say that appraisers often use the tax exemption statement to gather information about the religious organizations applying for an exemption. The tax assessor said Wednesday most tax-exempt properties must submit the form every four years. She said a church doesn't fall under that requirement unless it changes its use or leases a portion of the church to a non-exempt organization.

A bookkeeper for three other churches, said all three of her churches received the form in 2021 and she did the "work." "submitted -intensive forms" for each church.

### **controversy over use**

At a December 19 meeting of the council's finance committee, the assessor said records show that the church purchased the church building from another church in 2011 and signed a 15-year lease with another Church as a tenant.

The assessor said the appraiser's office did not receive a tax exemption report from any of the facilities using the church the building when the applications were due in October 2021. The assessor added that a spokesman for the church told her in December 2021 that the church was no longer holding services and that the old pastor had moved away. But a year later she received a letter from the church's pastor saying the church was in continuous use. The church had the opportunity to appeal the assessor's decision to the Board of Assessment Appeals, but did not do so. The assessor said if an appeal had been denied, the decision could have been further challenged in Superior Court. She said that's how such cases are handled.

The assessor said she met with the church's representative in August and he asked her if there was anything she could do about the church taxes that were due the previous month. But she said she told him there was nothing she could do at this point as the big list had been submitted. Then she passed the church to the city council.

The pastor said it has never stopped holding church meetings in over 100 years, except for a month during the COVID-19 pandemic and a few snowstorms.

The pastor provided a document showing how the organizations share the building. One city council member said in December he held his daughter's baby shower at the church and drove by on Sundays and saw the building being used as a church.

The pastor said the appraiser had the option to write off the tax dispute as an error, according to the appraiser's handbook, but Ralston said on Wednesday there was no error. The assessor said the church has filed an M-3 report to regain its tax-exempt status and list the other churches as residents, but some requested documents have yet to be submitted to the office.